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IN THE  
**Supreme Court of the United States**  
MAY TERM, 1947

RAYMOND DE FILIPPIS,

*Petitioner,*

VS.

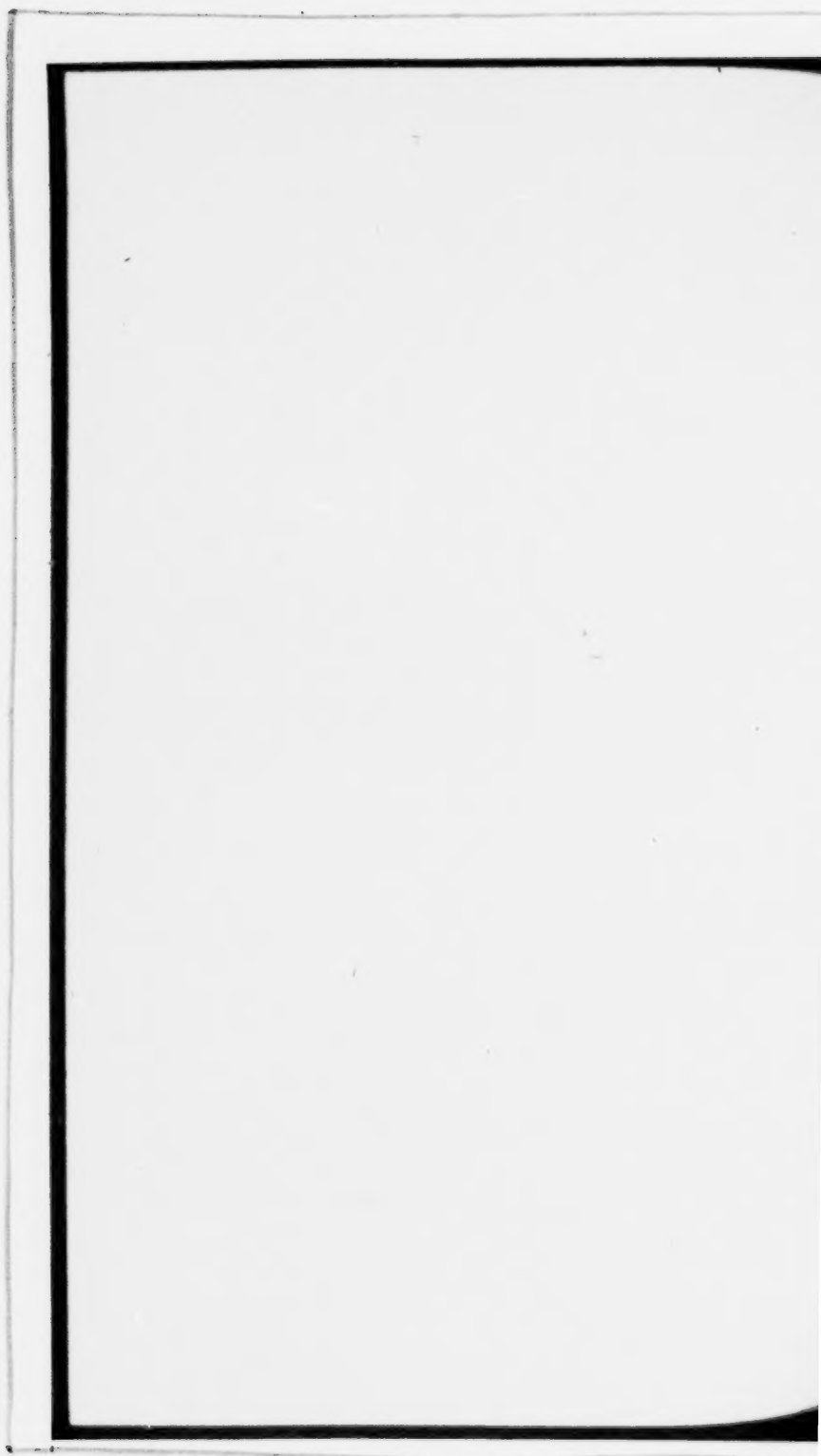
CHRYSLER CORPORATION, CHRYSLER SALES CORPORATION,  
STUDEBAKER CORPORATION, STUDEBAKER SALES CORPORATION  
OF AMERICA, NASH KELVINATOR CORPORATION,  
BORG-WARNER CORPORATION and BORG-WARNER SERVICE  
PARTS COMPANY,

*Respondents.*

**PETITION FOR WRIT OF CERTIORARI AND  
BRIEF IN SUPPORT THEREOF**

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*Counsel for Petitioner.*

SAMUEL HERSHENSTEIN,  
*of Counsel.*



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IN THE  
**Supreme Court of the United States**

RAYMOND DE FILIPPIS,  
*Petitioner,*

against

CHRYSLER CORPORATION, CHRYSLER SALES  
CORPORATION, STUDEBAKER CORPORATION,  
STUDEBAKER SALES CORPORATION OF  
AMERICA, NASH KELVINATOR CORPORA-  
TION, BORG-WARNER CORPORATION and  
BORG-WARNER SERVICE PARTS COMPANY,  
*Respondents.*

**PETITION FOR WRIT OF CERTIORARI**

To the Honorable, the Chief Justice and Associate Justices  
of the Supreme Court of the United States:

Your petitioner, Raymond de Filippis, prays that a writ of certiorari issue to the United States Circuit Court of Appeals for the Second Circuit to review the judgment of that Court in this cause filed on February 11th, 1947 (R. 397).

A certified transcript of the record in this case, including the proceedings in the Court of Appeals, is furnished herewith in compliance with Rule 38 of the Rules of this Court.

We believe, at this point, we should state to this court that the questions of fact in this suit are largely mechanical and scientific and the accused device, to quote the attorney for the respondent, "• • • is a very complicated device. It is not the simplest kind of thing in any way" (R. 257).

It is, therefore, not surprising that both the trial judge and the Judges of the Court of Appeals misconceived the devices in view of the exhibits and evidence, for lack of scientific or expert knowledge of the art involved (*Picard v. United Aircraft Corporation*<sup>1</sup>).

### **Summary Statement of the Matter Involved.**

This action arose as a suit for damages filed by the petitioner against the respondent by reason of the violation of a confidential disclosure by the petitioner to Warner Gear Company, a part of the respondent, Borg-Warner Corporation (R. 75). The complaint contains four causes of action; a violation of a confidential disclosure, breach of contract, fraud, conspiracy and unjust enrichment.

The petitioner, Raymond de Filippis, is a citizen of the United States and resides at 435 Rodney Street, in the County of Kings, City and State of New York. The respondent, Borg-Warner Corporation, is an Illinois Corporation, having its place of business at 310 South Michigan Avenue, Chicago, Illinois. The Warner Gear Company is a division of the Borg-Warner Corporation, and the names of the two may be used interchangeably (R. 75).

The respondent, Borg-Warner Corporation, a manufacturer of automobile parts appropriated a combination of elements and the functions thereof in a transmission device invented by the petitioner and disclosed to the said respondent on its invitation and in confidence, and manufactured hundreds of thousands of them.

Suit was instituted in March, 1940, in the Supreme Court, New York County, and it was removed by the respondent to the United States District Court for the Southern District of New York on the ground of diversity of citizenship.

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<sup>1</sup> *Picard v. United Aircraft Corporation*, 128 F. (2d) 632, at page 639.

The complaint alleges four causes of action, among them, a claim that the respondent manufactured a device using the combination of requisite elements disclosed by the petitioner, and that the respondent had not manufactured a transmission using the suggestions and plans disclosed by the petitioner to the respondent prior to the petitioner's disclosure (R. 8-10); that after the disclosure, the respondent, Borg-Warner Corporation, manufactured a device using the invention of the petitioner (R. 10, 11).

Issue was joined in the United States District Court. The answer of the respondent was in the nature of a general denial and what appears to be a defense of *res adjudicata* by reason of a default of the petitioner in a patent suit against the Chrysler Sales Corporation, without the introduction of any evidence.

The respondent in its answer to the second amended complaint admitted the manufacture and sale of over 350,000 devices, which the petitioner claims used a combination of the requisite elements disclosed by him, and that the value of those devices was in excess of \$10,000,000.00. By reason of the use by the respondent of the petitioner's invention, he is entitled to a royalty of  $7\frac{1}{2}\%$  of the cost of the devices in accordance with his letter (Plaintiff's Exhibit 10).

The United States District Court for the Southern District of New York recognized that under the authorities, where an inventor between the date of his application for patent and its grant, discloses novel features of his invention to another in confidence and that other subsequently uses the information so disclosed to his advantage, he may be held liable to the inventor for damages under the theory of unjust enrichment, and that a patent was not requisite to such action (R. 364).

The district court, however, in February, 1944, dismissed the complaint and held, among other things, that

the petitioner's entire mechanism was anticipated by a patent granted to Rex E. Keller, bearing number 1,734,491 on November 5th, 1929, that the petitioner's device was not an "overdrive" and cannot under any circumstances operate the driven shaft at a greater speed than the drive shaft, that the petitioner had disclosed nothing of novelty or patentability to the respondent, that the respondent neither appropriated nor used anything disclosed to it by the petitioner and that there was no implied contract between the parties to charge the respondent with any liability (R. 356, *et seq.*).

On appeal, the United States Circuit Court of Appeals for the Second Circuit affirmed the decision of the District Court holding that the respondent used nothing which petitioner disclosed. The Court of Appeals erroneously held, however, that "No claim was made for the principle of overdrive. \* \* \*" (R. 400).

The petitioner in April, 1929, devised a transmission and applied for a patent covering it.

The only witness called by the respondent was its chief engineer, Samuel O. White, who was the writer of the letters to Mr. De Filippis by reason of which Mr. De Filippis disclosed his invention.

In October, 1931, the respondent, Borg-Warner, through its wholly owned subsidiary, Warner Gear Company, invited petitioner in writing to disclose to it, his device in the form of drawings and descriptions (Exhibit 2). This the petitioner promptly did, relying upon said respondent's integrity and with the expectation that he would be compensated if his device were used, in whole or in part (Exhibits 3a, 3b, 3c). The said respondent retained for more than nine months and its engineers studied said descriptions and made copies of said drawing (Exhibits 5, 6, 7, 7a, 9, 11, 14). During that period, the parties were from time to time in communications by mail and negotiated for the licensing or sale of the device by petitioner to said



respondent (Exhibits 9, 10, 11, 12). The petitioner was forced to demand the return of his drawings and description, and on July 27th, 1932, the drawings and description were returned to him (Exhibits 13, 14).

Petitioner's invention is a device, which when installed as a transmission of an automobile, permits the shifting of speeds from a low speed, infinitely variable, to any ratio desired. This necessarily includes overdriving, and the Court of Appeals found that the petitioner's device was capable of overdriving (R. 393).

The device operates as follows: After the automobile is started in its lowest speed and the foot is then lifted from the accelerator or pedal for an instant the speed of the car caused the driven shaft of the automobile (that portion of the shaft connected to the rear wheel) to run faster than or to overrun the driving shaft (that portion of the shaft from the engine back to the transmission) which automatically causes a shift from the lowest to the next speed. The same operation will effect the necessary shifts from neutral through to the highest, a speed limited only by the desire of the designer. The transition from the lowest through the ultimate speed is made possible by the overrunning feature of plaintiff's device. At the ultimate speed the drive shaft becomes positively connected to the driven shaft in a nonoverrunning, fixed relationship. The reverse of the operation takes place by centripetal power when the car slows down.

The accused device, manufactured by the respondent, Borg-Warner, is designed to accomplish some but not all of the functions of petitioner's device. Whereas, petitioner's device enables a manual and an automatic shifting in all speeds, the accused device limits the automatic shifting from the penultimate to the ultimate speeds and back. The accused device by using the principles set forth in the petitioner's drawing (Exhibit 3b) and description (Exhibit 3c) adds an additional speed to those provided by the

standard transmission. The shift to the additional speed is accomplished automatically in the same fashion as the automatic shifting of speeds by the use of petitioner's device, to wit: When the car reaches a predetermined speed (about 40 miles per hour), the operator lifts his foot from the accelerator and the "Overdrive" transmission functions.

The accused device like that of the petitioner's employs the following combination of elements:

a. Overrunning or coasting, whereby the driven shaft is permitted or enabled to overrun or revolve at a speed greater than that of the drive shaft at all speeds except the ultimate.

b. Longitudinal shafts, which effect a connection of the driving and driven shafts at the ultimate speed.

c. The sliding of the shafts "either manually or in any other desired manner" (R. 312).

d. A means of enabling the driven shaft to be caused to rotate at a greater speed than the drive shaft (overdrive), (R. 393).

e. A positive non-overrunning connection of the drive and driven shafts in a fixed relationship at the ultimate speed.

Algernon R. Burnette, a mechanical engineer, with qualifying licenses in 43 states, was called as a witness for the petitioner at the trial. Mr. Burnette testified to having seen in operation, ten years before the trial, in the petitioner's possession, a device built in accordance with Exhibits 3b and 3c and which contained a governor to bring about the positive connection (R. 84-92), and that the accused device embodied the same principles as those described by the petitioner (R. 91). The examination of

Richard T. Graham before trial disclosed that Edward A. Gritzbaugh an attorney for the respondent, exhibited in the respondent's office to Mr. Graham a copy of the petitioner's drawing and made certain important admissions (R. 383-391).

Both the petitioner's and the accused devices use axially slidable shafts to effect the connection of the drive and driven shafts in fixed relation (R. 396).

Petitioner adduced testimony establishing that a device had been constructed by him Exhibit "18" for Identification, which employed a governor to slide the shafts automatically. The accused device for the same purpose employed weighted clutch dogs which were likewise designed to respond to centrifugal force (R. 91).

The petitioner's device employs means of automatically changing the relative speeds of a driving and driven shaft, means of automatically interconnecting the shafts in a fixed relationship at a certain time, and a further means of automatically disengaging the shafts, but all of the foregoing may be done manually.

With the exception of the speed governor, the accused device employs all of the elements disclosed by the petitioner to the respondent in Exhibits 3b and 3c which are (a) overruning, (b) longitudinal shafts, (c) the sliding of the shafts, (d) overdriving, (e) the positive non-overrunning connection of the drive and driven shafts.

Whether any of the foregoing functions are accomplished manually or automatically (such as by a centrifugal governor) does not detract from the petitioner's claim to novelty of the combination. And the respondent used that combination in the accused device.

The fact that the accused device is used in addition to the ordinary transmission of an automobile, whereas, the petitioner's device can be substituted for the conventional transmission, and the fact that the respondent's device

does not dispense with the customary foot control engine clutch of the petitioner's constitute immaterial differences. They in no way affect the stability of the petitioner's claim that the respondent in its device employs a combination of elements disclosed to it by the petitioner, which device the respondent had not marketed until 1934 (R. 248), and that was after the petitioner made his disclosure to the respondent.

The respondent uses the elements disclosed by the petitioner to it, for the purpose of adding the "over-drive", but to do this, it is necessary for the respondent to appropriate all of the necessary elements disclosed by the petitioner. They had not theretofore been used in combination.

The respondent adopted the petitioner's invention in part and limited the scope of its application in the accused device but the accused device uses the elements disclosed by the petitioner to the respondent and without using them, it could not operate.

The trial court held in part that the petitioner by failing to disclose to the respondent a governor, specifically to slide the shafts, thereby effecting a positive non-overrunning connection of the drive and driven shafts, was not protected, even though it was the sliding of the shafts and not the means for doing it, that was covered.

The description of this device furnished to the respondent (Exhibit 3c) pointed out that the drive and driven shafts could be connected either "manually, or in any other desired manner" and by this very wording petitioner covered every means of effecting the connection. The endeavor of this description was to give the respondent the broadest possible base upon which to evolve the method of operation required.

The use of a governor for the purpose in question, did not require inventive ingenuity but merely the application of skill by persons versed in the art. This was admitted

by respondent's chief engineer (R. 273-4). He testified that an arrangement, employing a governor, could be conceived from the petitioner's description and drawing. But it mattered not whether a governor was used, because it was the longitudinal sliding of the shaft that was appropriated however it was done.

The petitioner ingeniously used a governor to make a gradual change of the speed of the automobile from zero to overdriving (R. 243). The only practical way to bring about the positive connection of the shaft when it reached the maximum speed was by the use of a governor for that purpose (R. 107). Petitioner testified that some 10 years before the trial, i. e., in 1932, he built a working model of his device, which employed a governor to bring about the automatic interconnection of the drive and driven shafts at the ultimate speed (R. 126). Witnesses of unquestioned credibility and requisite technical capacity corroborated this testimony. Respondent's representative at that time examined the petitioner's machine in New York (R. 132). All of the foregoing is uncontradicted.

The Court of Appeals affirming the district court held that although the petitioner's description (Exhibit 3c) referring to the making of a positive non-overrunning connection, provided that it might be done "manually, or in any other desired manner" (R. 312) since a governor was not specifically mentioned as a means for accomplishing that purpose, that the petitioner was not protected.

The courts below overlooked the decision in this court in the case of *Smith v. Snow*,<sup>2</sup> wherein it was held that it was not necessary to embrace in the claims, or describe in the specifications all possible forms in which the claimed principle may be reduced to practice. Both courts, it would appear, overlooked the fact that the description, Exhibit

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<sup>2</sup> *Smith v. Snow*, 294 U. S. 1, at page 11.

3c (R. 307), specifically states that the invention may be incorporated in different constructions.

The respondent, for its defense, relies upon the testimony of its chief engineer, Samuel O. White, its only witness.

The holding of the Court of Appeals (R. 395) that the respondent had manufactured a transmission containing three of the five elements disclosed by the petitioner, to wit: a sliding shaft, overrunning clutch and "manual lockout", "as early as 1930" is error for the following reasons. The "1930" device did not contain a sliding shaft. There is no testimony that it contained a sliding shaft. The drawing of the device, Exhibit "R" (R. 352), does not disclose a sliding shaft.

That part of the holding of the Court of Appeals (R. 395) that refers to a manual lockout differs materially from the element in the petitioner's and the accused devices that makes the positive and non-overrunning connection. While there was also a "manual lockout" in the petitioner's device, it referred to a locking out of the speed governor.

The witness White testified (R. 234) "the lockout for the free-wheel is considered only as an emergency control", whereas, the making of the positive non-overrunning connection in the petitioner's device is an integral part of his transmission. White again testified in connection with the "1930" free-wheeling device, that they could lockout the free-wheeling mechanism so that there would be no free-wheeling action (R. 264).

This so-called free-wheeling device had never been mentioned before the trial, nor was a physical exhibit produced at any time by the respondent, although it had physical exhibits for every other purpose. A copy of a drawing (R. 210) consisting of lines, letters and numbers but with no description showing its function, Exhibit "R", was the only thing offered to support the contention that the "1930"

free-wheeling device employed three of the five elements disclosed by the petitioner.

The respondent in its answer did not plead that it had already manufactured the accused device or any part of it, and the evidence established that the overdrive was not manufactured until February, 1934 (R. 248). It did not plead that the "1930" free-wheeling device anticipated the petitioner's device, or that it employed the elements of the petitioner's device. If the respondent had alleged in its answer that it manufactured the overdrive before petitioner's disclosure, proof would have been adduced to the contrary. The respondent did not plead that petitioner's device wasn't new, or that the "1930" device anticipated all or any part of petitioner's transmission. It denied that it used the elements disclosed by the petitioner, but the evidence conclusively shows that the elements disclosed by the petitioner, excepting the speed governor were used by the respondent in the accused device.

The Court of Appeals referring to the "1930" device, which may refer only to Exhibit "R" states (R. 395) that it disposed of three "elements", which in addition to the over-running feature and sliding shaft, includes the positive non-overrunning connection, but a reading of the opinion shows that it did not dispose of the positive non-overrunning element (R. 395). That locking out of the free-wheeling of the "1930" device does not perform the same function as the making of a positive non-overrunning connection in the petitioner's and the accused devices. That locking out operation in the "1930" device merely prevents the old and admittedly dangerous free-wheeling mechanism from operating (R. 234). It is really part of the conventional transmission.

The respondent, at no place contended, nor did the district court hold, that the "1930" free-wheeling device referred to by the Court of Appeals, plus the respondent's



additions, anticipated the petitioner's invention, and there is not a word of testimony, or evidence, to support such a holding in the district court.

Mr. White never would have written all of those letters to the petitioner over two years before the first overdrive was produced, if the petitioner's device was not novel to the respondent. Interested as he is in the result of the suit, not only because he was the respondent's employee, but also the writer of those letters to the petitioner (Exhibits 2, 5, 9, 11 and 14), and the letter to the assistant to the president of the respondent (Exhibit 7), his testimony should not be allowed to prevail against the course of conduct, evidenced by the letters, that was so utterly at variance with that testimony. Both courts must have relied on White's testimony for their decisions, since there was no other witness for the respondent and no evidence other than White's upon which the decision could have been based.

If the respondent, prior to the petitioner's disclosure, manufactured or knew of the combination of principles disclosed by the petitioner, it would not have written the letters to the petitioner. If the respondent had not discovered the overdrive feature of petitioner's device from his description, it would have rejected his transmission as soon as it read his drawing and description in 1931, and not nine months later.

Respondent asked the petitioner if he had his device installed in a car, and if he had a patent (Exhibit 6). Respondent stated that if it proved practical, they would be interested in its application for automobiles, and asked if he would sell or license it and asked for his terms (Exhibit 9). Respondent said, among other things, that something employing his "general principle might be worked out in a very satisfactory way" (Exhibit 11), and to Mr. Lyman, the assistant to the president, Mr. White stated that "There were some merits in the general scheme" (of the



petitioner's device) and that "instead of using ratchets, one way roller clutches could be used" (Exhibit 7, R. 319).

While there is no testimony establishing that the respondent, prior to the disclosure, manufactured a device embodying principles disclosed by the petitioner, the evidence contained in the letters and the conduct of the respondent at the trial would nullify such testimony.

The district court and the Court of Appeals overlooked the fact that White's evidence was that of an employee of the respondent and that he was deeply interested in seeing the respondent succeed in the case. "Interested as he is in the result of the suit, his own testimony cannot be allowed to prevail against a course of conduct, so utterly at variance with it" (*Atlantic Works v. Brady*,<sup>3</sup>).

On the trial, many defenses were raised. The respondent contended that the disclosure was not in confidence. This, neither the trial court nor the Court of Appeals sustained, probably on the authority of *Hoeltke v. C. M. Kemp Mfg. Co.*<sup>4</sup>.

The respondent, on the trial, interposed numerous patents claimed to be prior art. Apparently, they were not considered by either court, excepting the district court held specifically, that the Keller patent 1,734,491 dated November 5th, 1929, which patent conclusively shows it cannot overdrive, anticipated the petitioner's entire mechanism. This conflicts with the holding of the Court of Appeals, that the petitioner's device can overdrive (R. 393). It was shown by us that the Keller patent did not perform the functions of the petitioner's device or the accused device. The Court of Appeals made no mention of the Keller patent, or the defense that it anticipated the petitioner's entire mechanism. The issuing of the patent to the petitioner was prima facie evidence of novelty and

<sup>3</sup> *Atlantic Works v. Brady*, 107 U. S. 192, at page 203.

<sup>4</sup> *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 923.

patentability, ergo, the Keller patent did not anticipate it (*Morgan v. Daniels*<sup>5</sup>).

The respondent contended that the petitioner's device was not novel, because the individual elements were old. The holding of the Court of Appeals to that effect, is based upon a misapprehension of the facts and the applicable law. This court has held that a new combination of known elements producing a new and useful result is novel and patentable. As in the case of *Loom Co. v. Higgins*<sup>6</sup>. The petitioner was the first to use his combination of elements and to bring it into notice. Before he disclosed it to the respondent in 1931, the respondent had never made the accused device (R. 155). The first experimental work on the accused device was done in 1933 (R. 248). The respondent, as in the case of *McEuen v. Kelley-Koett Mfg. Co.*<sup>7</sup> with its years of experience had not discovered the petitioner's combination before his disclosure. The petitioner's drawing and description (Exhibit 3b and 3c) was the basis upon which the respondent constructed the accused device.

The question is not whether the individual elements of the petitioner's device were old but whether the combination disclosed to the respondent was novel, and there is no evidence that the petitioner's combination of elements were known before the petitioner's disclosure. The fact that the respondent's device was not manufactured until after the disclosure is striking evidence of the novelty of petitioner's device (*McEuen v. Kelley-Koett Mfg. Co., supra*).

The respondent offered no proof that this "1930" device embraced the overrunning, the sliding shaft and the positive non-overrunning connection, three of the elements of the petitioner's device. However, disregarding

<sup>5</sup> *Morgan v. Daniels*, 153 U. S. 120, at page 122.

<sup>6</sup> *Loom Co. v. Higgins*, 105 U. S. 580, at page 591.

<sup>7</sup> *McEuen v. Kelley-Koett Mfg. Co.*, 34 Fed. Supp. 351.

*Smith v. Snow* (*supra*) the Court of Appeals in addition to holding erroneously that the "1930" device employed those three elements, also held that the respondent independently added a fourth element, a governor (R. 395-6). But this was not an element but only one *means* of moving the shaft and the description of the petitioner (Exhibit 3c) did not confine the movement to one means, it provided that the shaft could be moved in any desired manner (R. 312). The *movement* of the shaft itself in combination with the other elements was one of the elements disclosed in the description (Exhibit 3c) and *not* the means of moving it (R. 312). The Court of Appeals ignores the overdrive feature of petitioner's device in that particular holding.

Through its employees, the respondent applied for patents covering the overdrive and had them assigned to it (R. 162). These tactics of applying for patents are somewhat the same as those employed in the cases of *Allen-Qualley Co. v. Shellmar Products Co.*<sup>8</sup> and *Goodyear Tire & Rubber Co. v. Marbon Corporation, et al.*<sup>9</sup> One of the defendants in the latter case was George Borg, the Chairman of the Board of Directors of the respondent here, Borg-Warner. The courts in both of those cases held for the originator of the invention and against the transgressor.

As the court in the case of *Allen-Qualley Co. v. Shellmar Products Co.*<sup>10</sup> held, the question is not one of contracts or of patents, but it is a question of the validity in equity of the acts of the respondent in inviting and receiving the disclosure in confidence by the petitioner and pending the making of contractual relationship, using such dis-

<sup>8</sup> *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, page 295.

<sup>9</sup> *Goodyear Tire & Rubber Co. v. Marbon Corporation, et al.*, 30 Fed. Supp. 420.

<sup>10</sup> *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, page 296.

closure to its own advantage and to the detriment of the petitioner.

It was necessary for the district court to make the following findings or findings similar in effect in order for the respondent to succeed:

"9. Plaintiff disclosed nothing novel or patentable to defendant" (R. 372).

"10. Defendant neither appropriated nor used anything disclosed by plaintiff."

"15. Plaintiff's device is not an 'overdrive' and can not under any circumstances operate the driven shaft at a greater speed than the drive shaft" (R. 373).

"17. Plaintiff's entire mechanism was anticipated by the patent granted to Rex E. Keller, No. 1,734,491, on November 5, 1929."

"18. There is no implied contract between the parties to charge defendant with any liability."

The foregoing findings are not sustained for the following reasons.

Finding "9" may not be sustained because the patent office issued a patent to the petitioner which is *prima facie* evidence of novelty and patentability (*Morgan v. Daniels*,<sup>1</sup>).

The accused device was not produced until 1934 (R. 155) and the respondent's letters, Exhibits "5" to "14", indicate that petitioner's device was novel to the respondent when he made his disclosure.

Finding "10" may not be sustained because the record clearly shows that the respondent used all of the elements disclosed by the petitioner in his description and drawing, excepting the governor automatically to control the speed of the car.

The dependable evidence in the record shows that the combination of elements disclosed by the petitioner was

<sup>1</sup> *Morgan v. Daniels*, 153 U. S. 120, at page 122.

novel to the respondent (*Hoeltke v. C. M. Kemp Mfg. Co.*,<sup>2</sup> *Shellmar Products Co. v. Allen-Qualley Co.*<sup>3</sup>).

Finding "15" may not be sustained because the Court of Appeals held that the petitioner's device is capable of achieving overdriving (R. 393).

The Court of Appeals, in its statement that no claim was made for the principle of overdriving, is in error. The complaint alleges that the respondent manufactured and sold a device using the ideas, inventions, suggestions and plans of the petitioner (R. 8, 11, 12, 13, 14 and 15), which included overdriving. Exhibit "1" (R. 301) and Exhibits "3b" and "3c" describe the principle of overdriving and the testimony of the respondent's chief engineer, White, indicates that he understood the principle correctly from the description when he testified "The disclosures showed \* \* \* a variable speed mechanism going from a zero or neutral up through an infinite range of speeds, \* \* \*" (R. 243) and also establishes that he understood from the description, that the petitioner's device could operate the driven shaft at a greater speed than the drive shaft, which is overdriving.

Finding "17" may not be sustained for the reason that the issuance to the petitioner of a patent established that petitioner's device was not anticipated by the Keller patent 1,734,491 (*Morgan v. Daniels, supra*).

Finding "17" may not be sustained for at least twelve other reasons which were disclosed and will be described in detail to this court.

Finding "17" may not under any circumstances be sustained because the Keller patent does not anticipate the petitioner's mechanism for the additional reason that the Keller patent does not provide for, or describe overdriving,

<sup>2</sup> *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 919.

<sup>3</sup> *Shellmar Products Co. v. Allen-Qualley Co.*, 87 Fed. (2d) 104, page 107.

and the petitioner's device is capable of overdriving (R. 393).

Finding "18" may not be sustained for the reason that the petitioner in reply to respondent's letter Exhibit "9" (R. 323) stated in Exhibit "10" the terms under which he would permit the respondent to manufacture his device. Thereafter, the respondent manufactured devices employing the necessary principles in the petitioner's invention and respondent thereupon became liable to the petitioner.

The Court of Appeals did not specifically affirm any finding of the lower court so its intent must be gathered from the following language in the decision:

"Both plaintiff's and the accused device have an overrunning feature, splined shafts axially slidable by means of a manual shifting fork, and both lock out the overrunning feature by this method. But defendant had manufactured a transmission containing not only sliding shafts and shift fork, but also an overrunning clutch, which was locked out manually, as early as 1930—more than a year before plaintiff made his 'disclosure'. Certainly plaintiff cannot be said to have disclosed to defendant a device which defendant was already manufacturing.

That disposes of the overrunning, the lock-out, the sliding shafts, and the positive connection—which are the first, second, and fourth elements appellant's brief asserts were appropriated \* \* \*" (R. 395).

The foregoing language of the Court of Appeals must be considered as affirming all findings of the District Court, and those findings must fall for the reason that there is no credible evidence to sustain those necessary findings.

If the foregoing language is construed to sustain Findings Nos. 15 and 17, these particular findings are reversed specifically by the Court of Appeals when it held that the petitioner's device is capable of overdriving (R. 393). In

other words, the Court of Appeals has reversed these particular necessary findings of the District Court.

The transmission that the Court of Appeals states the respondent manufactured as early as "1930" is referred to in the record only at pages 208-210, 243, 262-265. There is no reference to it at any other place in the record excepting Exhibit "R" at page 252 introduced in evidence at page 210, which is the only device that the Court of Appeals could possibly be referring to. At no place, either in the testimony or in the drawing Exhibit "R", is there anything showing that this "1930 device" had a sliding shaft, nor did the respondent ever claim that this "1930 device" had a sliding shaft. The petitioner offers to produce one of these devices and prove that in it, there is no such thing as a sliding shaft.

If, as we say, that quoted language of the Court of Appeals is to be construed as affirming those findings, and if that language is based on a misapprehension or a misunderstanding of Exhibit "R", as we have heretofore pointed out, the whole basis of the decision of the Court of Appeals must fall.

If the Court of Appeals had not erroneously assumed, that the "1930 device" contained a sliding shaft, because there is no evidence to support that assumption, it would have held for the petitioner and reversed the lower court.

If the Court of Appeals had not erroneously assumed that the petitioner had made no claim for overdriving, it would have found for the petitioner and reversed the lower court.

If the Court of Appeals had not erroneously assumed that the use of a governor to slide the shaft was not covered by the petitioner's disclosure, which included (a) overrunning, (b) longitudinal shafts, (c) sliding of the shafts (in any manner possible), (d) overdriving, (e) the positive non-overrunning connection, it would have reversed



the lower court and found for the petitioner because the Court of Appeals, in effect, if not in fact, held that both the accused device and the petitioner's device employed those five elements.

### **Jurisdiction.**

The jurisdiction of this Court is invoked under section 240 (a) of the Judicial Code as amended by the act of February 13, 1925, c. 229 (28 U. S. Code, Sec. 347).

The decree of the Circuit Court of Appeals for the Second Circuit, which petitioner seeks to have reviewed, was entered on February 11th, 1947 (R. 397).

### **Questions Presented.**

1. May a party obtain in confidence the details of an invention, proceed to manufacture and market it in large quantities and although admitting it had never manufactured it before obtaining the specifications from the inventor, refuse to compensate the inventor for using his property?

2. May a party obtain in confidence the description of an invention consisting of at least five elements, proceed to manufacture the said invention and when sued, interpose the defense that a prior patent of another, anticipated the petitioner's device and then succeed by claiming that the respondent had manufactured a device prior to the petitioner's disclosure, although it employed only two of the five necessary elements disclosed by the petitioner, which five elements are necessary to permit the accused device to function?

3. May a manufacturer, who obtains in confidence the details of an invention, and manufactures and markets a machine embracing said invention, avoid compensating the inventor on the ground that it manufactured a machine



containing only some of the elements of the invention prior to the disclosure?

4. Is a party who discloses to another in confidence the details of his invention prior to the issuance of letters patent, so that anyone skilled in the art may construct said machine, protected in all possible forms in which the claimed principles may be reduced to practice?

5. Is an inventor entitled to all that his invention fairly covers even though its complete capacity is not fully set forth in its specification?

6. Is the petitioner entitled to recover from the respondent for the use in combination, of elements disclosed by him in confidence in drawings and a description of his device, which were not used by the respondent before the disclosure, if the respondent after the disclosure, manufactured devices using the combination of those principles so described in said drawing and description which accomplished the same result?

7. Should the testimony of an employee of a corporation, unsupported by any competent evidence, interested as he is in the result of the suit, prevail against a course of conduct by him so utterly at variance with the testimony of others against the written (his correspondence) and oral evidence to the contrary of the said witness' testimony?

8. Should this court accept the decision of the Second Circuit Court of Appeals, that the respondent's device was independently developed by the respondent, in the light of the respondent's conduct, in failing to mention the development of its device in its letters to the petitioner written two years before?

9. Is a specification describing an invention consisting of a new combination of old elements, producing a new and useful result, sufficient, if the principles be named, their mode of operation given, and the result pointed out, so that those skilled in the art may know the nature of the invention and what the parts are, which cooperate to do the work claimed for the invention?

10. Should Exhibit "R" (R. 353) a copy of a drawing consisting of lines and numbers, containing no description as to the function of the device, be competent evidence to establish that the respondent manufactured a device, containing, among other things, a sliding shaft, where there is no written or oral evidence to establish the existence of a sliding shaft in said alleged device? (The only place the "1930" transmission is referred to, at pages 208 to 210, inclusive, and pages 243, 262-265 of the testimony.)

11. May a party using a new combination of elements disclosed in confidence by the inventor, use them without compensating the inventor for using them, even though the individual principles are old in the art?

12. Is the lockout of the overrunning feature in the respondent's "1930" device by means of a manual shifting fork, the same principle and does it perform the same function as the positive non-overrunning connection in the respondent's device?

13. Did the respondent prove on the trial by competent evidence that as early as "1930", it manufactured a device that contained a sliding shaft?

14. Does the device containing the overrunning clutch, with manual lockout, which the respondent is alleged to have manufactured in "1930", employ the same principles

and obtain the same result as the positive non-overrunning connection in the petitioner's device?

15. Did the respondent manufacture in "1930" a transmission containing a sliding shaft, a positive non-overrunning connection, as well as overrunning and lockout of the overrunning feature?

16. Did the respondent's Exhibit "R" show a sliding shaft, or give any explanation as to the manner in which the various parts operate?

17. Did the respondent's Exhibit "R", show sliding shafts, a shift fork, an overrunning clutch, which was locked out manually?

18. May a corporation, through its employee, obtain in confidence from the inventor a description and drawing disclosing the details of a device and after negotiating for its purchase or license, thereafter manufacture the device without compensating the inventor for the use of his invention?

19. Did the course of conduct between the parties establish an implied agreement for payment for the use of petitioner's invention?

20. May a party escape the charge of infringement by contending that parts of the petitioner's invention are found in an old device and the balance of the other parts were added by the respondent making the accused device?

21. May a holding of a Circuit Court of Appeals different from the holding of the United States District Court, unsupported by testimony or evidence, be permitted to stand?

22. May a manufacturer, who obtains in confidence the description of an invention, and manufactures and markets a machine embracing said description, avoid compensating the inventor for using his invention on the ground that it had manufactured a different machine containing only some of the elements of the invention, prior to the disclosure?

23. May a holding of a Court of Appeals affirming a decision of the district court unsupported by and contrary to the evidence be permitted to stand?

24. Is the petitioner entitled to recover from the respondent for the use in combination, of principles disclosed by him in confidence in drawings and a description of his device, admitted in evidence, which combination was not used by the respondent before the disclosure, which the petitioner alleged in his complaint he disclosed to the respondent, if the respondent manufactured devices using the combination of those principles so described in said drawing and description which accomplished the same result?

25. Is the court entitled to construe the manufacture by the respondent of devices employing the principles disclosed by the petitioner to respondent as an acceptance of the terms of petitioner's offer set forth in Exhibits "10" and "12"?

26. Should this Court accept a holding necessary to the decision of the Second Circuit Court of Appeals, in the absence of evidence to support that holding, which is indispensable to the decision itself?

### **Reasons for Granting the Writ.**

1. The foundation for the concurrent findings of the Second Circuit Court of Appeals material to the determina-

tion of the issues herein, should be examined by this court and after examination should be set aside.

a. This court is not bound to accept the conclusions of the lower courts as to facts. *De La Rama v. De La Rama*, 201 U. S. 309; 50 L. Ed. 768. (Examine, *U. S. v. Appalachian Power Co.*, 311 U. S. 377.)

b. This court may examine the foundation for the findings of fact numbers 9, 10, 12, 13, 15, 17 and 18. *Baumgartner v. U. S.*, 322 U. S. 665, at pages 670 and 671. (Examine, *Beyer v. Le Fevre*, 186 U. S. 114, at page 119.)

c. This court on an application for a writ of certiorari may pass on all questions passed on by the Court of Appeals though not raised or considered by the trial court. *Friend v. Talcott*, 228 U. S. 27.

d. The holding of the Second Circuit Court of Appeals to the effect that the respondent had manufactured a transmission in "1930" containing an overrunning clutch, sliding shafts and a positive non-overrunning connection, which was prior to the disclosure to the respondent by the petitioner of the elements constituting his device (R. 395) is not supported by any evidence credible or otherwise.

e. The holding by the Second Circuit Court of Appeals that no claim was made by the petitioner for the principle of overdrive is not supported by the evidence, because the petitioner in his complaint sues for use by the respondent of his invention (R. 8, 11, 12, 13, 14 and 15), the petitioner's drawing (R. 305) and description (R. 306, et seq.) provide for overdriving, among other things, and the testimony of the respondent's chief engineer White that "The

disclosures showed \* \* \* a variable speed mechanism going from a zero or neutral up through an infinite range of speeds, \* \* \* (R. 243) also establishes that he understood from the description that petitioner's device could operate the driven shaft at a greater speed than the drive shaft, which is over-driving.

f. The holdings of the district court contained in Findings 9, 10, 12, 13, 15, 17 and 18 are contrary to the evidence.

2. The holding of the Second Circuit Court of Appeals is contrary to the decisions of this court more specifically set forth as follows:

a. The holding of the Second Circuit Court of Appeals is at variance with the decision of this Court in *Smith v. Snow*, 294 U. S. 1, at page 11, holding that it is not necessary to describe in the specifications all possible forms in which the claimed principle may be reduced to practice.

b. The holding of the Second Circuit Court of Appeals is contrary to the decision in *Loom Co. v. Higgins*, 105 U. S. 580, holding that a combination of old elements producing a new and useful result is novelty.

c. The holding of the Second Circuit Court of Appeals is in conflict with the decision in *Atlantic Works v. Brady*, 107 U. S. 192, in respect of the weight of the testimony of a person interested in the result such as was White, the chief engineer of, and the only witness for, the respondent.

d. The holding of the Circuit Court of Appeals is at variance with the opinion of this Court in *Diamond Rubber Co. v. Consolidated Tire Co.*, 220

U. S. 428, at page 435; "Knowledge after the event is always easy and problems once solved present no difficulties. \* \* \*"

e. The holding of the Circuit Court of Appeals is squarely in conflict with the decision of *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, and particularly the opinion of Judge PARKER at page 928 holding, that a person who invites the disclosure of an invention and thereafter begins to manufacture articles embodying the principle of the disclosure, labors under a heavy burden when he seeks to justify his action on the ground of independent invention, and he ought to offer something of greater weight than the verbal testimony of interested witnesses. This is particularly true, in view of the fact, that White never mentioned the free-wheeling device in any of his letters to the petitioner and further, at page 928, Judge PARKER stated the defendant's explanation that his device was independently developed is one that we cannot accept in the light of his conduct, etc.

f. The decision of the Court of Appeals that no claim was made for the principle of overdriving is in conflict with the decision in this court *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428, at page 435, in view of the allegations in the complaint (R. 8, 11, 12, 13, 14 and 15) alleging that the respondent appropriated the petitioner's invention described in Exhibit "1" (R. 301) and Exhibits "3b" and "3c" (R. 305) which described overdriving.

g. The holding of the Circuit Court of Appeals is inconsistent with the decision in the case of *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, holding that the question is one of validity and

equity of the acts of the defendant in receiving in confidence a disclosure of the plaintiff's secrets and then after using the same, refusing to account to the plaintiff.

h. An inventor is entitled to all that his invention fairly covers, even though its complete capacity is not recited in the specification. *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428, at page 435.

i. The holding in the Second Circuit Court of Appeals is in conflict with the holding of the Fourth Circuit Court of Appeals in the case of *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 928, wherein, among other things, the court held that the defendant's explanation that its device was independently developed could not be accepted in the light of its conduct in failing to mention in its letters to the plaintiff, the development of its own device and in seeking to obtain a patent on a device embodying the idea of the plaintiff's invention which had been disclosed to it.

j. The holding in the Second Circuit Court of Appeals is in conflict with the holding in the Seventh Circuit Court of Appeals in the case of *Shellmar Products Co. v. Allen-Qualley Co.*, 87 Fed. (2d) 104, wherein the court held whether the subject matter is patentable or not, an inventor has an exclusive property right, which a Court of Chancery will protect, against one who in bad faith and breach of confidence undertakes to apply it to its own use.

k. The decision in the Second Circuit Court of Appeals is inconsistent with the decision in this court in the case of *Bates v. Coe*, 98 U. S. 51, page 58, wherein the Court held that where an invention is an entirety consisting of a combination of elements,



that the defendant cannot escape the charge of infringement by alleging that part of the entire thing is found in one prior patent and another part in another prior invention and still another in a third.

l. The decision in the Second Circuit Court of Appeals is in conflict with the decision in this court in the case of *Parks v. Booth*, 102 U. S. 96, which held that a specification describing an invention consisting merely of a new combination of old elements which produces a new and useful result is sufficient, if they be specifically named, their mode of operation given, and the result pointed out, so that those skilled in the art may know the nature of the invention and what the parts are which cooperate to do the work claimed for the invention.

m. The holding in the Second Circuit Court of Appeals is in conflict with the holding in the Fourth Circuit Court of Appeals in *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, that held at page 923, where in advance of the granting of a patent, an invention is disclosed to one who, in breach of the confidence thus imposed manufactures and sells articles embodying the invention, such person should be held liable for the profits and damages resulting therefrom not under the patent statutes, but, upon the principle that equity will not permit one to unjustly enrich himself at the expense of another. It also conflicts with the decision in the Seventh Circuit Court of Appeals in the case of *Booth v. Stutz Motor Car Co.*, 56 Fed. (2d) 962.

n. The decision in the Second Circuit Court of Appeals is in conflict with the decision of this court in the case of *Union Paper Bag Machine Co. v.*

*Murphy*, 97 U. S. 120, where the court held, that the court was not to judge about the similarities or differences by the names of things, but are to look at the machines and their elements in the light of what they do, what function they perform, how they perform it and to find that one thing is substantially the same as another if it performs substantially the same function in substantially the same way to obtain the same result. (Examine, *Sanitary Refrigerator Co. v. Winters*, 280 U. S. 30.)

3. The evidence established a confidential relationship between the parties, a disclosure of a novel invention, its appropriation and use by the respondent and an implied agreement for compensation by the respondent to the petitioner contrary to the holding of the district and circuit courts.

4. The holding of the Second Circuit Court of Appeals is an innovation unsupported by any decision in holding, in effect, that the petitioner makes no claim for a principle that was used by respondent although the complaint alleges the respondent manufactured and sold a device using the invention of the petitioner described in exhibits admitted in evidence, which included that principle, namely, over-driving.

5. The holding of the Second Circuit Court of Appeals is of far reaching consequence and importance in that it would confuse the several Circuit Courts of the United States in interpreting the prior decisions in this court in reference to the unauthorized use by a transgressor who appropriates part or all of novel invention.

6. The judgment of the district court and Second Circuit Court of Appeals should be reversed.

7. The relief prayed for in the district court should be granted without the necessity of a new trial.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued to the United States Circuit Court of Appeals for the Second Circuit to the end that this cause may be reviewed and determined by this court; that the judgment of the district court and the Court of Appeals for the Second Circuit be reversed; and that the petitioner have judgment in full according to his complaint and such other and further relief as may be proper.

RAYMOND DE FILIPPIS,  
By WILLIAM J. RAPP,  
*Counsel for Petitioner.*

Dated, New York 5, N. Y., May 5th, 1947.

## **BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI**

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### **Opinion of Courts Below.**

The opinion of the District Court for the Southern District of New York appears at page 356 of the Record and is reported in 53 Fed. Supp. 977. The opinion of the Circuit Court of Appeals for the Second Circuit (Circuit Judges SWAN, AUGUSTUS N. HAND and CLARK, written by Judge SWAN) appears at page 391 of the Record.

### **Jurisdiction.**

The jurisdictional statement appears in the accompanying petition.

### **Statement of the Case.**

The essential facts of the case are stated in the accompanying petition, to which the Court is respectfully referred.

### **Specifications of Error.**

The Circuit Court of Appeals for the Second Circuit erred:

1. In holding that the petitioner disclosed a device which respondent was already manufacturing prior to said disclosure (R. 395).
2. In holding that the respondent used nothing which petitioner disclosed (R. 396).

3. In holding that the respondent as early as 1930 had manufactured a transmission containing sliding shafts, a shift fork and an overrunning clutch, which was locked out manually (R. 395).

4. In holding that the respondent as early as 1930 manufactured a device that contained sliding shafts (R. 395).

5. In sustaining the ruling of the district court which overruled the petitioner's objection to the reception of Exhibit "R" in evidence (R. 210, 396).

6. In holding that the petitioner made no claim for the principle of overdriving (R. 393).

7. In relying on the uncorroborated oral testimony of an interested witness (White), an employee of the respondent, against his own conduct, the written and oral evidence inconsistent with, and utterly at variance with the testimony relied on.

8. In failing to hold that the manufacture and sale by the respondent of the devices employing the petitioner's principles, is an acceptance of the petitioner's offer set forth in Exhibit "10" (R. 324).

9. In failing to hold that the respondent became indebted to the petitioner for using the petitioner's invention in manufacturing the overdrive.

10. In making a holding necessary to its decision, viz.—that the "1930" device had a sliding shaft, in the absence of evidence to support that holding.

11. In failing to hold that the respondent appropriated and used in the accused device the principles of petitioner's

invention, after his disclosure, and that, as a matter of law, the respondent is liable.

12. In failing to hold that the evidence having established a disclosure of novel invention, its appropriation and use by the respondent, an agreement for compensation was implied, contrary to the holding of the district court and Circuit Court of Appeals.

13. In affirming the district court in holding, in effect, that it was necessary for petitioner to specify all the means of moving the shaft number 31, carrying into effect the principles of the invention (R. 396).

14. In refusing to hold that, as matter of law, the description in Exhibits 3b and 3c concerning the lengthwise movement of the shaft number 31, was sufficient to protect the petitioner, regardless of the manner in which the movement was made, or the means of doing it.

15. In failing to hold that the lengthwise movement of the shaft was the element or the principle disclosed, and not the means for moving it.

16. In failing to hold that the combination of the principles described in Exhibits 3b and 3c was novel to the respondent.

17. In failing to hold that the respondent did not manufacture the accused devices employing the petitioner's principles, prior to the disclosure by the petitioner in October, 1931.

18. In failing to hold that the accused devices employ the principles disclosed by the petitioner in Exhibits 3b and 3c.

19. In affirming the district court's ruling dismissing the second and third causes of action.

20. In affirming Findings 9, 10 (R. 372), 13, 15, 17 and 18 (R. 373), and that part of Finding 12 (R. 372) that held the use of overrunning for the purpose set forth "was old".

21. In affirming the decision of the district court (R. 396) to the effect that instead of the petitioner saying, as he did in his description, that the movement of the shaft 31 may be manipulated manually or in any other desired manner if the movement was to be accomplished by a governor, the petitioner should have said so (R. 367).

22. In affirming the judgment of the district court dismissing petitioner's complaint (R. 396).

### **Summary of Argument.**

The points of argument are the reasons relied on for the allowance of the writ at pages 24-31 of the petition.

### **Argument.**

#### **POINT I.**

**The foundation for the concurrent findings of the Second Circuit Court of Appeals material to the determination of the issues herein, should be examined by this Court and after examination should be set aside.**

An examination of the evidence will show that the Court of Appeals misconceived the devices that the respondent manufactured, prior to the disclosure by the petitioner. It will show that the district court misunder-

stood the petitioner's device when it held it could not overdrive, because the Court of Appeals held that it could overdrive (R. 393). Such an examination will show that the Court of Appeals was mistaken in assuming or believing that the "1930 device" had a sliding shaft as there is no evidence to support such a holding.

This court has held on a number of occasions that it was its duty to examine the record and ascertain if the findings of the courts below are warranted by the testimony. If this court finds that the findings are not supported by the testimony, it will set aside the decision. *Beyer v. Le Fevre*, 186 U. S. 114, at page 119.

This court has held that it was not precluded even after the affirmance of findings of two courts below from determining whether the courts have correctly applied to the facts found, the proper legal tests. *U. S. v. Appalachian Power Co.*, 311 U. S. 377, at page 403.

In the case of *Baumgartner v. U. S.*, 322 U. S. 665, this court held that the findings concurred in by two lower courts did not relieve this court from examining the foundation for those findings in a particular case. Mr. Justice FRANKFURTER stated at page 670:

"That the concurrent findings of two lower courts are persuasive proof in support of their judgments is a rule of wisdom in judicial administration. In reaffirming its importance we mean to pay more than lip service. But the rule does not relieve us of the task of examining the foundation for findings in a particular case. \* \* \*"

The holding of the Second Circuit Court of Appeals to the effect that the respondent manufactured a transmission in "1930" containing an overrunning clutch, sliding shafts and a positive non-overrunning connection (R. 395) is not supported by any evidence. There is no evidence that this "1930" device had a sliding shaft. We respectfully submit



that an examination by this court of the record (R. 208-210, 243, 262-265) will disclose that to be the fact. We believe, that under the decisions, this court is warranted in making an examination of the record, and we respectfully submit that upon substantiating our claim, this court should grant the writ applied for.

The holding of the Court of Appeals that the petitioner made no claim for the principle of overdrive is not supported by evidence. Burnette, the mechanical engineer, testified that the principles in the accused devices and the petitioner's device were the same (R. 91), and since the accused device admittedly overdrives, the petitioner's device overdrives. The witness Burnette testified that the petitioner's device can overdrive, and it does perform overdrive functions (R. 289).

The complaint and the Exhibits 3b and 3c claimed and described overdriving, respectively, and on the argument of the appeal a device was produced for the court, establishing conclusively the overdriving feature of the petitioner's device. The Reply Brief of the petitioner on the appeal set forth an elaborate explanation establishing the overdriving feature of the petitioner's device, and the lower court in Finding "15" held that the petitioner's device could not overdrive, which, in itself, indicated that the petitioner claimed overdrive functions for his device.

Further, the fact that the complaint alleged the respondent appropriated the principles of the petitioner's device and that it was established that the respondent's device did overdrive, we believe establishes conclusively that the petitioner claimed overdriving.

## POINT II.

**The holding of the Second Circuit Court of Appeals is contrary to the decisions of this Court.**

The Court is respectfully referred to the second reason for granting the writ in support of this point. There are many cases set forth dealing with the situations which are present in this case.

The holdings by the lower courts in this case, we believe, sharply conflict with *Smith v. Snow*, 294 U. S. 1; *Loom Co. v. Higgins*, 105 U. S. 580; *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428; *Bates v. Coe*, 98 U. S. 51, at page 58; *Parks v. Booth*, 102 U. S. 96; *Union Paper Bag Machine Co. v. Murphy*, 97 U. S. 120. If the holding is permitted to stand, it will affect certain propositions of law of long standing.

The holdings of the lower courts in this case conflict with *Shellmar Products Co. v. Allen-Qualley Co.*, 87 Fed. (2d) 104; *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 923; *Booth v. Stutz Motor Car Co.*, 56 Fed. (2d) 962; *Sun Ray Gas Corp. v. Bellows-Claude Neon Co.*, 49 Fed. (2d) 886; *Claude Neon Lights v. E. Machlett & Son*, 27 Fed. 702; *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, at page 296.

## POINT III.

**The evidence established a confidential relationship between the parties, a disclosure of a novel invention, its appropriation and use by the respondent and an implied agreement for compensation by the respondent to the petitioner contrary to the holding of the District Court and Court of Appeals.**

The correspondence clearly shows that there was a confidential relationship between the parties. When the peti-

tioner, at the invitation of the respondent (R. 302), disclosed the principles of his device to the respondent (R. 303, 305, 306, et seq.) he did so, because the respondent was interested in the proposition and invited the disclosure, otherwise the respondent would not have seen the petitioner's specification and drawing until the patent was granted. After the disclosure by the petitioner, the chief engineer of the respondent, White, who surely was versed in the art, wrote to the petitioner,

"As indicated at the first of the letter, we should not be surprised if something employing your general principle might be worked out in a very satisfactory way, \* \* \*" (R. 327).

The court in the case of *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 923, we believe, clearly disposed of any question as to the confidential nature of the disclosure by the petitioner.

The correspondence shows (R. 323) that the respondent wanted to know what the petitioner's terms would be for permitting the use of his invention, and the petitioner communicated his terms to the respondent (R. 324). The next step was that the respondent manufactured the overdrive, and we respectfully submit that in doing so and in selling the devices, the respondent became liable to the petitioner in damages. *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at 922.

It seems that the district court in its decision agreed with the proposition of law, that the petitioner would have been entitled to recover, if it had found that the petitioner had disclosed a novel device to the respondent and that the respondent thereafter used it. The reason for the holding of the district court against the petitioner was a misconception of the petitioner's device. It seems that if the district court had understood that the petitioner's device did overdrive, it would not have made Findings Numbers

"15" or "17" (R. 373) as the Keller patent is not an overdrive in any sense of the word.

It seems to us also, that if the Court of Appeals had understood the "1930 device" and had not confused that device, which it seems to have done, with Exhibits "P" and "Q" (R. 349, 351) which latter are two forms of the accused device, it would not have found that Exhibit "R", the "1930 device", had a sliding shaft. Consequently, it could not possibly have held that the petitioner had manufactured a device as early as "1930" containing three of the five requisite principles disclosed by the petitioner to the respondent. We believe, that the Court of Appeals, if it had not erred in this respect, would have reversed the district court.

#### POINT IV.

**The holding of the Second Circuit Court of Appeals is an innovation unsupported by any decision in holding, in effect, that the petitioner makes no claim for a principle that was used by respondent although the complaint alleges the respondent manufactured and sold a device using the invention of the petitioner described in exhibits admitted in evidence, which included that principle, namely, "overdriving".**

The essential facts of the case are stated in the accompanying petition, to which the Court is respectfully referred.

We desire to point out that in the complaint the petitioner alleges that he made certain disclosures to the respondent (R. 8, 11-15), and that the respondent used those disclosures. The petitioner sent a drawing and detailed description of his invention to the respondent. The respondent kept those for approximately nine months.

The drawing and description, Exhibits "3b" and "3c" described, among other things, "overdriving", that is, an arrangement whereby the driven shaft could be rotated at a greater speed than the drive shaft. The complaint alleged that the respondent used those principles necessary to construct the accused devices. The devices are given different names depending on the name of the automobile in which the device is installed (R. 14, 15).

The Court of Appeals held that the petitioner's device was capable of overdriving. The petitioner was entitled to claim everything that was included in the complaint, the drawing and description, "Exhibits "3b" and "3c". The foregoing demonstrates the error that the Court of Appeals fell into.

The petitioner in his complaint alleged that he sent a description and drawing of his invention to the respondent in the year 1931, and that the respondent used the principles of the petitioner's invention in manufacturing devices (R. 8-15). The trial of the case established that the accused devices were overdrives and it follows that the petitioner was claiming overdriving, since the respondent's device was an overdrive.

## POINT V.

**The holding of the Second Circuit Court of Appeals is of far reaching consequence and importance in that it would confuse the several Circuit Courts of the United States in interpreting the prior decisions in this Court.**

The present decision is the first case to come to our attention holding, in effect, that an inventor must describe all possible forms that a claimed principle may be reduced to practice in order to be protected.

Sustaining the holding of the Court of Appeals might encourage wrongful acts on the part of those who sought to take unfair advantage of confidential disclosures. In addition to many other questions in this case, there is a question of the validity and equity of the acts of the respondent in receiving in confidence a disclosure of the petitioner's secrets upon the understanding that the petitioner would be compensated if the respondent used the information imparted by the petitioner.

The court in the case of *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, at page 296, described the situation in most appropriate words.

Not only might the affirmance of the decisions of the courts below be construed as approving the actions on the part of the respondent in obtaining in confidence the details of petitioner's invention without payment, but, we believe, there would be widespread confusion and serious conflicts between the holdings of the several Circuit Courts of the United States.

### CONCLUSION.

Wherefore, the petitioner earnestly prays that the petition for writ of certiorari be granted, the cause reviewed, and the decree of the Circuit Court of Appeals for the Second Circuit reversed.

Respectfully submitted,

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